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Can We Have Full Employment With Freer Trade?

Moderator: JAMES F. MURRAY, JR.

S p e a k e r s

HARRISON WILLIAMS

JOHN VORYS



—COMING—

—March 9, 1954—

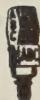
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THE SPEAKERS' COLUMN

REPRESENTATIVE JOHN M. VORYS—Republican of Ohio; member of House Foreign Affairs Committee; member of Commission on Foreign Economic Policy. Mr. Vorys was born in Lancaster, Ohio in 1896, and was educated at Yale University (B.A.) and Ohio State University (J.D.). He served as naval aviator overseas during World War I. From 1919-20, Mr. Vorys taught at the College of Yale in China and a year later he was assistant secretary to the American delegation at the Washington Conference on Limitation of Armaments and Pacific and Far East Affairs.

Elected to the General Assembly in 1923, Mr. Vorys served first as a representative and then as senator. In 1926-38 he took up a private law practice, and in 1938 was elected to the Seventy-sixth Congress. Mr. Vorys has been elected to each succeeding Congress.

Congressman Vorys has been most active in the House Committee on Foreign Affairs. Formerly he was Chairman of the Sub-committee on Economic Policy; Chairman of the Sub-Committee on the Far East; was a member of the Joint House-Senate Committee which inspected German concentration camps at the request of General Eisenhower in 1945; was a delegate to the Conference of the Inter-parliamentary Union, Cairo, Egypt, 1947; Member of the Select Committee on Economic Co-operation. Mr. Vorys is the only member of Congress who served on the Harter Committee. He was also Floor Manager for the ECA bill in the House of Representatives, and is a member of the Commission on Foreign Policy.

CONGRESSMAN HARRISON A. WILLIAMS, JR.—Democrat of New Jersey; member of the House Committee on Government Operations. Born in Plainfield, New Jersey, Congressman Williams has been a resident of that

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Can We Have Full Employment With Freer Trade?

Moderator Murray:

One of the most important powers which the states surrendered to the Federal Government when our nation came into being was the control of international trade and the regulation of tariffs. Although the first tariff laws were enacted solely to produce revenue, there appeared early in the last century the enunciation of a doctrine of protection of American producers and industries, as a basic objective of our tariff laws.

Thus, the groundwork was laid for a century-old debate, which has endured down to the present day, between those who believe that only through high tariffs, carefully supervised, could our industry be protected from the competition of other countries with sub-standard conditions of labor and economy; and those who with equal sincerity are convinced, particularly since the end of World War II, that the society of free nations in our time can survive only if nourished and stimulated by free trade.

To sharpen the basic issues of the controversy, President Eisenhower last summer directed the Randall Commission to make inquiry into the facts and to submit a report which might guide the Executive and the Congress concerning the factors involved in a delicate balance between continued aid abroad and possible reduction of trade restrictions and barriers. And so the controversy has engendered by the recommendations and dissents of the Randall Commission, and it now looms large on the floor of Congress.

Tonight, America's Town Meet-

ing is proud to present a discussion of a basic phase of this vital issue: "Can We Have Full Employment With Freer Trade?" Our guests are two members of Congress. Our first speaker is Mr. Harrison Williams, Democrat of New Jersey, now serving his first term in Congress and member of the House Committee on Government Operations. Congressman Williams.

Congressman Williams:

Mr. Murray, the primary task of our trade and tariff policy should be the furtherance of our enlightened self-interest. It seems to me that this goal can be achieved by gradually liberalizing our trade restrictions, thereby permitting our allies abroad to sell their products in the United States, which provides an alternative for them to economic alliances with the Soviet bloc, and providing a means for our allies to earn dollars, which in turn would reduce the need for aid programs and also permit our friends to buy the products they need from our manufacturers and farmers.

I think a move in that direction of more liberalized trade is absolutely essential at this time, because the free world is looking to us for leadership. Minor fluctuations in our trade can have major impacts on the much smaller economies of our friends abroad, and, too, the Soviets are seeking ways of convincing our allies that we don't really have a long-run interest in maintaining the free world's economy, but rather are anxious to pull up stakes and move toward

economic autarchy and political isolation.

A dramatic step toward freer trade would put the lie to this propaganda. Finally, the over-all effects of our freer trade on the domestic economy would be beneficial. Today about 4.3 million workers are dependent upon export trade, while a maximum 200,000 workers would be temporarily affected by liberalized trade. The increase in buying power acquired by our allies would more than compensate for the relatively minor effects on domestic producers. I believe the Randall Commission recommendations should be adopted, and, in addition, I believe we should go one step further.

While I would recommend that the *peril point* and *escape* clause mechanisms be retained, I would further recommend that the President be authorized, when advised of potential or actual threats to domestic producers, either to use the tariff as a protection, or the president may determine that it is in the national interest to maintain the tariff at a level below that which would protect all domestic producers, in which case he would invoke an adjustment program for the industry affected.

This type of proposal has been made by Mr. Coleman, President of Burroughs Adding Machine Company, Mr. David McDonald, President of the United Steel Workers, Mr. Henry Ford II, Mr. Charles P. Taft, who is the brother of the late Senator, and many others.

I think it represents a constructive suggestion in the field of trade policy. It recognizes that some industries and workers are being asked to make temporary sacrifices in the national interest and says that the national community is willing to help them

readjust. This proposal represents a G.I. Bill of Rights on a very small scale for industries and workers asked to sacrifice in our struggle with totalitarian Russia.

The adjustment program being suggested is not a grandiose, expensive proposition, but rather in many cases would merely liberalize existing services. The exact form it would take could consist of extending the technical assistance programs of the Department of Commerce, extending the time limit of unemployment insurance, and raising the level of benefits for workers during a readjustment period. It also could consist of guaranteed loans to business for retooling, stepped-up write-offs to industry for taxation purposes, and other similar readjustment type services.

The exact form required should be given careful study by those groups promoting freer trade as well as by our Congress. I would not favor an expensive type of program, because the problem is relatively small and can usually be covered by gradual tariff reductions, rather than adjustment programs. However, I do feel such a limited program could speed up the liberalizing of trade restrictions.

Mr. Murray: Thank you very much, Congressman Williams. Now our second distinguished guest this evening is Representative John M. Vorys, Republican of Ohio. Mr. Vorys is a member of the House Foreign Affairs Committee and has been a member of the Commission on Foreign Economic Policy also known as the Randall Commission. Congressman Vorys.

Congressman Vorys:

Mr. Murray, Mr. Williams, and friends of Town Meeting. One of the main purposes in the enlargement of our foreign trade is to help

maintain full employment. My figures differ a little from Mr. Williams'. I figure that about 4,300,000 American workers are dependent on foreign trade for a living, 3,100,000 on farms and in factories producing exports (about 15 billion of exports), 1,200,000 processing and distributing imports (about 10 billion of imports). Now we sell much more than we buy and we have been financing the difference largely through foreign aid programs.

We want to reduce foreign aid and make it possible for other countries to get dollars to buy here through selling more imports, through investment abroad, through tourist trade. One way to stimulate trade, both exports and imports, is by mutual reciprocal lowering of tariffs. Now, no one I know is seriously arguing for complete free trade. It is suggested, however, by Mr. Williams and others, that we should cut our tariffs to the point where increased imports would cause serious injury to our industry and workers, and then take care of such industry through special aid programs called adjustment assistance. I cannot agree. One member of the Randall Commission made such a recommendation and there were 16 dissents to his recommendation.

Various forms of government aid are available now to all industries and their workers threatened with injury from technological advancement, style changes, or other causes. These aids now include, for workers, unemployment insurance, employment information, placement and training from the Department of Labor. For industry, technical advice from the Department of Commerce, preference in federal procurement and loans from the Small Business Administration. I do not believe the

President will use his discretion to override peril point and escape clause findings in a way that causes injury that cannot be repaired by these aids and methods that are now available.

On the other hand, the creation of a new federal bureau to grant federal relief for tariff injury would have serious consequences that are easy to foresee. A tariff rate would become a vested right. Accurate determination of damage to this right would be extremely difficult and would be certain to involve political pressures and favoritism.

If Trade, not Aid is to mean that in order to stimulate trade we substitute domestic aid for foreign aid, we will have instituted for one form that is rapidly diminishing an aid program that will expand. I think our trade policy should be aimed at eliminating the necessity for aid programs at home and abroad and increasing employment here.

Mr. Murray: Thank you, Congressman Vorys. Congressman Williams, I noticed that you were making notes while Mr. Vorys was talking. Do you have some point of objection to take to his statement?

Congressman Williams: Well, I believe I have several points here. I'd like to take them up in order if I may, Mr. Vorys. You suggest, I believe, that you are in agreement that we should liberalize our trade, but at the same time you suggest, as I understand you, that we do nothing in liberalizing our trade policies that will cause any injuries to our domestic producers. Now is that correct? Would you cause any injury, would you liberalize to cause any injury or not?

Congressman Vorys: I think the adjustment should not cause any

serious injury that cannot be remedied by self-help, by American inventiveness and ingenuity, the way people and industries are constantly changing to meet changed conditions—no injury that cannot be remedied and aided by the existing aids to workers and to industries that are available to all industries and workers. I don't think we ought to have any special new federal agency running an adjustment aid program for those that are injured by the tariff changes.

Congressman Williams: And if any domestic producer is injured at all, why, he's left to shift for himself, he and his workers under this, or does he just use the services now available, is that it?

Congressman Vorys: He isn't left to shift for himself; he's to use the services now available. You mentioned some of the services now available. Where you and I differ is that I would not have any elaborate system of unemployment insurance, new form of unemployment insurance or increased benefits, level of benefits such as you suggested, or some of the benefits of moving people or retiring them before the age 65 as suggested by our colleague on the Commission, Mr. McDonald. You take 200,000 workers which you estimated as the number that might be displaced. Well, if those benefits ran into a thousand dollars each, there's a two hundred million dollar aid program, and I don't want to see us launching into a relief program of that nature.

Congressman Williams: Could I say something about that 200,000 workers? I believe it's the Bureau of Labor Statistics that has estimated that assuming all trade barriers were taken off there would only be 200,000 workers affected.

Now, of course, as you stated, and I am certainly in complete agreement, nobody is seriously talking about lowering all the trade barriers. We're all talking about liberalizing, lowering them gradually, mutually working with other countries. So it wouldn't even be 200,000 workers that might be affected; it would be a far smaller number than that.

And it seems to me that our present unemployment insurance, for instance, is inadequate even now. And if we ask even small numbers of workers to help in the national interest by lowering our trade barriers and possibly making them readjust to other jobs, it only seems fair to me that we do something to help them to readjust, and I don't believe the present aids do that, Mr. Vorys.

Congressman Vorys: Well, the Randall Commission recommended extension of the reciprocal trade agreements, that the agreements be made on a multilateral and really reciprocal and mutual basis, but that any adjustments be gradual; that, for instance, there should not be a change of more than five per cent a year. That would be the top amount allowed over a period of three years, which is the minimum extension period they recommended.

Now with reference to the other cases where there are no imports, they recommended that there could be changes of fifty per cent, and that on tariffs that were still over fifty per cent, that there'd be adjustments permitted, but always divided over three years and subject to the peril point and the escape clause.

Mr. Murray: Perhaps we had better define those terms, Mr. Vorys, for the benefit of our lis-

teners and some of us here who may not be economy majors.

Congressman Vorys: Well, the escape clause is in our tariff agreements and in all of the tariff agreements under the *GAT*, the General Agreement on Trades and Tariffs negotiated between 33 countries. It provides that where a tariff threatens serious injury to an industry, steps can be taken to raise that tariff. In our case where the Tariff Commission, which is a bipartisan expert body, finds that serious injury is threatened to an industry by a tariff rate, a report is made to the President and the President then has power to adjust the tariff to meet that serious injury. That's the escape clause.

The peril point provides that before a rate is entered into, upon complaint, an investigation must be made by the Tariff Commission and a report made to the President recommending whether the proposed reduction will cause serious injury to the industry involved. So, both the escape clause and the peril point, one coming up after the rate is established, the other coming up before the rate is established, deal with a finding of serious injury to the industry involved.

Mr. Murray: Mr. Williams, did you have a comment?

Congressman Williams: Well, I wonder if Mr. Vorys has heard, as I have, that the peril of the peril point is really more peril to the President than to any industries, because it's the President who has to go to Congress and particularly to the Chairman of the House Ways and Means Committee, if he's going to go under that duty point. And I guess that gentleman isn't known to be consistently an Administration spokesman.

Mr. Murray: Well, Gentlemen,

you mentioned a moment ago and you seemed in such substantial agreement that approximately 200,000 or perhaps less would be affected, but what is your feeling as to the impact on industry and business of some of this foreign competition and cheaper production? Would there be many business failures, in addition to the unemployment problem?

Congressman Vorys: I don't think that by the tariff program suggested by the Randall Commission there would be business failures, because these are changes of not more than five per cent in the present tariff. So if the tariff has already been reduced, the change would be less than five per cent of the original tariff. Now the tariffs in the past 20 years, under this reciprocal trade agreement business, had been reduced about fifty per cent. We have had a vast increase in our imports, particularly since the war and, of course, a gigantic increase in our exports.

And even with those reductions and even with that increase in imports we just finished the biggest year the U.S. ever had, and I don't know of anyone who is now saying that the pause or the readjustment that we're now going through is the result of changes in our tariffs, and I don't think that these cautious, gradual changes would cause businesses to go bankrupt or throw people out of employment.

Congressman Williams: Well, I'd like to get back to the basic point here that we *are* interested in giving incentive to countries to trade with us, and we're either going to increase our trade or we're not. I understand that having operated under the trade agreements act for roughly 20 years,

our tariffs have been brought down now to the point where the water is pretty well out of them.

If there is going to be any more liberalization there will be selected few industries that might be hurt and it's to those, of course, that I'm addressing my proposal and my program for assistance in the readjustment period. But I think we must face the fact that if we are going to increase our trade there will be some minor readjustment necessary.

Congressman Vorys: Well, now I think we ought to get this whole thing in focus. The tariff, as you said in your opening statement, Mr. Murray, has a great historic background, and tariff discussions become historic and sometimes hysterical. The honest truth is that at least the Randall Commission came to the conclusion that the tariff was, except for its psychological reasons, not very important in this whole matter of trade. For instance, we import about 10 billion dollars' worth of stuff a year. Nearly 60 per cent of that is on the free list; there's about 4.4 billion subject to any tariff at all.

The average tariff or duty is about $12\frac{1}{2}$ per cent. Now that is one and one-half per cent of our gross national product. Of that 4.4 billion that has any duty on it, it's been estimated that there isn't over about two billion, and I'm trying to make it as big as possible, that would be seriously affected by changes in the tariff. So we're talking about a very small amount of our total business. But the whole issue is important, psychologically, and the attitude is important, psychologically, in other countries.

They want us to do two things: One is to light some place and to

have a fixed policy, and then they say if we would simplify our tariff procedures, that would help them just about as much as changing the tariffs themselves. It is perfectly clear that the amount that our Commission, our expert, estimated, that even if you took off all the tariffs there wouldn't be an increase in trade in the next three to five years of any more than, say, 8 hundred million to 1.8 billion per year.

Congressman Williams: Yes, I'm glad that that was brought out, because any increasing of our imports is relatively small to us in terms of our total output, but is much greater to those countries we're dealing with. The *New York Times* showed the other day that if we doubled our trade with France our imports would increase one-tenth of one per cent, whereas to France it would mean a much larger figure in terms of her total output.

Mr. Murray: Was it not Great Britain that invented the phrase, Trade, not Aid? And what do you feel about her viewpoint that it is more valid and realistic for us to enlarge the trade possibilities rather than to continue billions of dollars of direct aid indefinitely? Is there any realism to that point of view?

Congressman Vorys: Well, it's a nice idea. I think Richard Butler, their Chancellor of the Exchequer, coined the phrase or certainly popularized it when he was here last spring. He appeared before our Commission over in Paris. It is of some interest that he has publicly approved the recommendations of the Randall Commission, for one reason because they take into consideration a whole lot of other things besides the tariff.

But I think one thing is perfectly obvious, we've been putting out about five billion dollars a year in foreign aid, military and economic, for the past eight years. We've put out about five billion this year of the various kinds. There'll be a dollar gap of about three billion for some years to come, and, as I just said, mere adjustments in the tariff will not fill that dollar gap and, therefore, there is no immediate prospect, I mean within the next few years, of having trade as a complete substitute for aid merely through tariff adjustments. It will take a lot of other things to bridge the gap.

Mr. Murray: Do you agree, Mr. Williams?

Congressman Williams: Well, it's certainly working in the right direction, in my view, and there's another point that is somewhat in line here. I notice that Russia is coming forward with offers to trade with the Western countries, and it seems to me that if we don't offer them incentives to trade here, they will be forced to trade with Russia and, of course, that would weaken our economic alliances with the free peoples. I think that is basic to our consideration here.

Mr. Murray: Mr. Vorys, did you wish to make another comment?

Congressman Vorys: Well, there is pressure for increased trade with the Soviet bloc, I feel. Now you know we've always had some trade, East-West trade, through the iron curtain. It's cut down, I think, about 20 per cent in volume of what it was prewar, but it is about three-fourths of a billion, and here's what we have to face. By trading with Russia in non-strategic stuff, like lumber, grain and things like that, they get those

things over there. If we said they should shut off all of that trade, the only other place they could get it would be from the dollar area, and they'd be asking us for more aid. So I think we can perfectly well permit non-strategic trade to go on with Russia, while continuing the bar to strategic trade set up under the Battle Act, which I helped to write, and while continuing our absolute embargo as far as Red China is concerned.

Mr. Murray: Do you agree with that?

Congressman Williams: Well, I'm not in complete agreement there. The definition of strategic and non-strategic is troublesome in the first place, and I think there's a lot to be said for the proposition that any economic gain to the Soviet bloc will improve their position strategically. Therefore, it might well be that we should do everything possible, and I personally feel that we should do everything possible, to trade and offer incentives to trade with the free countries.

Mr. Murray: Well, gentlemen, we haven't considered yet the possibility of secondary effects on the liberalization of our tariff—for example, the effects on the workers in precision industries and workers that might indirectly be affected by the immediate business and labor lay-off or reduction in business and reduction in employment. Do you think that would be serious in terms of its impact on our American economy?

Congressman Williams: Well, I didn't think it would be serious in numbers, but you can't tell a man or a group of men out of work that it's not important that they've lost their jobs. And so even though there wouldn't be many men affected, I believe we should be pre-

pared to help them adjust. And there will be areas, we know of areas in this country where gloves, for instance, are practically the one product. If that area should be affected, we should be equipped to help that community readjust to products they can compete in.

Congressman Vorys: Well, I'd like to comment on that. I don't know that we would say that gloves are necessarily a strategic item, but Senator Bush and I made a little separate statement in the Randall report on that that I'd like to read. The Commission did not make definite recommendations on security considerations involved in defense production facilities. We said: "Our productive power is our mightiest weapon in war. Defense plants and workers cannot be stock piled. Industries vital to our defense should be maintained at reserve strength levels.

"Tariff protection may be necessary. Other steps such as placement of defense orders may also be needed. There may be cases where such measures would be more effective for the industry concerned and better for our economy than import restrictions." But I, for one, think that industries vital to our defense, not the ones that say they are, but the ones that we find are vital to our defense, should be maintained at reserve strength levels, and that may require tariff protection.

Congressman Williams: Well, I agree that we certainly shouldn't allow our tariff policy to affect and diminish our industries necessary to the security. I do think the determination should not be made by the Tariff Commission but by our defense people and that the tariff is not a very precise way to protect our industries necessary for security. It might be better

to use other means, such as the quota or the embargo.

Mr. Murray: Gentlemen, each week Town Meeting presents a handsome 20-volume set of the American People's Encyclopedia to a listener who submits the most provocative and timely question pertinent to the subject under discussion. Tonight's question comes from Mrs. Rebecca Chase, of Coeur d'Alene, Idaho. Mrs. Chase's question is this: "What specific industries would be most seriously affected by lowered tariffs—manufactured articles such as automobiles; agricultural products; or natural resources, such as timber and mineral products?" Which of you would care to answer that question first, gentlemen?

Congressman Williams: Well, I believe that probably manufactured items—but I noticed your questioner said such as automobiles. I certainly don't believe automobiles would be affected, but other manufactured items, particularly those that are made up largely of labor. The labor unit is high, the hand labor, particularly. I believe the commission you were on, Mr. Vorys, showed that, oh, a lot of items like hand-blown glass would be affected because of the high incidence of the labor involved. Where there is a high incidence of the labor, they are not as competitive as our mass-produced manufacturers.

Mr. Murray: Congressman Vorys?

Congressman Vorys: Well, in agriculture there are special products like wool and sugar, where we don't produce all we need and you have special complications. Then there are items like nuts, olives, and garlic that have been great problems. In manufacturing, there are gloves, as you say, hand-blown glass, briar pipes—industries

where there is a large component of labor cost and where, of course, American labor gets far higher wages than any other labor on earth. Those would be the types

of industries in which the incidence of tariff changes would be most acute.

Mr. Murray: Thank you, Congressman Vorys.

QUESTIONS, PLEASE!

Mr. Murray: Gentlemen, it's now time to open our period of discussion with questions from the audience here at ABC studios in New York. I would ask our members of the audience to tell us for whom your question is intended. I'll take the question first from the gentleman on my left, please.

Questioner: I'd like to ask a question of Representative Vorys. Representative Vorys, do you believe that freer trade will result in lower consumer prices and, therefore, encourage full employment?

Congressman Vorys: That would be one result. Of course, any tariff is a tax on all of us, and the adjustment in prices would have something to do with it, although of course it might not necessarily result in lower prices, because these fellows who have come in over the tariff barrier would sell for as much as they could get. Our vast market, the biggest on earth, would be what would finally determine the prices.

Mr. Murray: Thank you, Congressman Vorys. Another question from the lady in the front row, please.

Questioner: Representative Williams, is it not a denial of our boasted American resourcefulness and wide abilities to assume that our workers must inflexibly remain

in the same occupation their entire working lives?

Congressman Williams: Well, I don't believe anybody is proposing that they do, and one of the reasons we want to liberalize our trade, or one of the effects of liberalizing our trade, will be to move men out of inefficient industries into industries where they are producing efficiently and competitively.

Mr. Murray: Thank you, Congressman Williams. I'll take a question now from the young man directly in front, please.

Questioner: Representative Vorys, if we lowered our tariff so little as you suggest, how much good would it do?

Congressman Vorys: Well, it would help to stimulate trade, as I told you before. We're a low-tariff country compared with most of the big trading countries, but it would be the symbol involved, and, particularly if they knew that we weren't going to shoo them up real high. It would encourage these other countries to come over and make the investment necessary to try to distribute their stuff over here and to make it attractive price wise.

Mr. Murray: Do you wish to comment on that, Congressman Williams?

Congressman Williams: Well, I

notice that the questioner is my constituent, or at least he's from New Jersey . . .

Questioner: I don't think you gave a very good answer. I mean I think you ought to give a more material answer.

Congressman Vorys: Well, I'm just doing the best I can. You know, on this tariff issue, we can't please everybody, and when you say how much good it will do, you've got to think of how much good it's going to do not only other countries but us, too.

Mr. Murray: Thank you, Congressman Vorys. I think that possibly satisfied the young constituent from New Jersey. I'll take the next question from the gentleman on my right, please.

Questioner: Congressman Williams, don't tariffs protect marginal producers by encouraging inefficiency in production?

Congressman Williams: I think that the statement and the answer to that is, generally, yes, that tariffs now are used purely as a protective device and they protect industries that evidently can't compete successfully, in many cases.

Congressman Vorys: Could I make one comment at that point? When you talk about, for instance, free trade, we've got to remember that undergirding our economy, which relies so largely on private enterprise, competition, free markets, we have legislative protection for farmers in price supports; for commerce, in the Robinson-Patman Act and others that hold up retail prices; for labor, we have minimum wage standards. So if we have a basic protection for industry, it's not merely protecting the inefficient, but it's protecting certain basic standards that we're not going to

go below for the worker, for the farmer, for the businessman or for industry.

Congressman Williams: Mr. Vorys, it has been proposed by the Administration that we readjust our support for the farmers downward. Wouldn't this be a propitious time to do likewise in trade?

Congressman Vorys: Well, the only talk is to readjust it from 90 per cent down to 75 per cent of parity, and that's not a very big adjustment for the farmer that's being talked about. That leaves still a pretty substantial floor.

Congressman Williams: Haven't you talked to the farmers?

Mr. Murray: May I have another question? The gentleman on my left.

Questioner: I'd like to direct my question to Representative Vorys. Aren't tariffs in direct conflict with the principles of laissez faire, which presently form the backbone of the economic policies of the Republican Party?

Congressman Vorys: I answered your question before you asked it. We are for laissez faire and for free competition, except that we have these basic legislative protections for the farmer, for labor. We have minimum wages and a whole series of things to protect labor and to protect business and to protect industry. Of course, the Republican Party has been the great traditional protective tariff party. However, we changed. William McKinley, in the last speech he made, came out for reciprocal trade agreements in 1901, September 5.

Mr. Murray: Does that answer satisfy you, sir?

Questioner: Well, I think it's question of consistency. I believe that if we have a free market, w

ought to have a completely free market and work on the law of supply and demand, rather than what someone in Washington has to say about it.

Congressman Vorys: Well, free trade won't work in this naughty world at the present time—not only because of what other nations do, but because of these basic standards that we have in our country. However, the proposal is that we seek freer trade on a basis that it will be a good thing for us and other nations.

Mr. Murray: I see Congressman

Williams wants to make a comment. We have just 27 seconds left.

Congressman Williams: Well, I did want to say that I don't believe any of us want to lower the barriers unilaterally, all at once. We must work with the community of nations, and it must be a reciprocal and mutual lowering. I think I agree with Mr. Vorys' last statement if I didn't agree with some of the others.

Mr. Murray: On that note of concord, gentlemen, we must terminate our discussion this evening. Thank you very much for your most interesting comments.



THE SPEAKERS' COLUMN

(Continued from page 2)

community for his entire life, with the exception of one year when he practiced law in New Hampshire.

He attended the Plainfield Public Schools, went on to Oberlin College where he received his A.B. in 1941, and did graduate work at Georgetown University Foreign Service School. He earned his LL.B. at Columbia Law School in 1948. A member of the United States Naval Reserve, he served for four years on a minesweeper and as a naval aviator.

Following graduation from college he was a reporter on the *Washington Post*, and after his Naval service and prior to law school he was employed by the National Tube Company of Lorain, Ohio. He has taught at Rutgers University, and was associated with the law firm of Cox and Walburg.

Congressman Williams was elected to office in November, 1953 and is a member of the House Committee on Government Operations.

Moderator: JAMES F. MURRAY, JR. — New York Attorney; International Counsel and lecturer.

FOR FURTHER STUDY OF THIS WEEK'S TOPIC

Background Questions

1. Do the American people have a stake in freer world trade? How would a more liberal trade policy affect their lives as producers? consumers?
2. What is the relationship, if any, between foreign imports and domestic exports?
 - a. What percentage of goods consumed in the U.S. is imported? What is the yearly volume of our exports?
 - b. Which are our export industries? What proportion of their product is for export?
 - c. How much of our domestic industry is dependent upon the importation of raw and crude materials to operate?
 - d. Do tariffs and import quotas protect certain industries at the expense of export industries which suffer retaliatory action by other nations?
3. Would many businesses be hurt by the eliminating of trade restrictions? If so, approximately how many?
 - a. Which industries would be hardest hit? Would dislocation be widespread or localized?
 - b. Could we build up our industries to the point of self-sufficiency? Would this be desirable?
 - c. Should we continue to protect "infant" industries until they can prove their ability to compete? How can you tell when an industry has matured?
 - d. Can we afford to weaken strategic industries by permitting foreign competition they cannot meet?
 - e. Should we continue to protect non-strategic, relatively inefficient industries against foreign competition? Does this protection constitute an indirect tax on the American consumer?
 - f. Which industries are getting or claim the need for tariff protection or subsidies today?
 - g. Meyer Kestenbaum, President of Hart, Schaffner and Marx, recently said that "the dislocation resulting from gradual tariff reductions will ordinarily be less than our industries experience from domestic causes, such as new technological processes." Do you agree?
4. Approximately how many workers would be jobless as a result of eliminating trade barriers?
 - a. Boris Shiskin, of the AFL recently stated that "abolition of all tariffs would not displace more than 300,000 U.S. workers and none of the liberalizations proposed could displace more than 90,000 at the most." Evaluate this estimate.
 - b. Is it fair to subject American workers to the competition of cheap foreign labor?
 - c. Are wage levels the sole guide to what constitutes unfair competition?
 - d. Do high tariffs guarantee high wage levels for American workers? Or, is high productivity and efficiency more responsible for the American wage level than trade restrictions?

- e. Is a clearer instance of unfair competition where foreign workers on a particular product are paid wages far below standard in the exporting country?
- f. Will foreign labor standards ever compare favorably with ours until we trade freely?
5. Should government give aid and assistance to plants, workers and local communities that are seriously affected by increased imports?
 - a. If so, what form should this aid and assistance take?
 - b. Should government finance retraining and relocation of workers? Should it give any supplementary compensation during the transition period?
 - c. Should government give plants loans in order to enable them to improve their efficiency and competitive position, or to shift to new forms of production?
 - d. Should government aid affected communities to study possibilities of attracting new industries and types of production?
6. Would such government aid involve tremendous administrative and political difficulties?
 - a. Would the expense involved in such a government operation be excessively high?
 - b. What criteria could be used to determine whether an industry or worker was really hurt by lower tariffs and not some domestic causes?
 - c. Would such a program merely be substituting a form of domestic aid for foreign aid?
 - d. Would there be any time limit to this type of aid?
7. Can we possibly have freer trade without some dislocation to the American economy? If not, would such dislocation be temporary in character? Would it be worth the trouble in the long run?
8. Evaluate the report of the Randall Commission.
 - a. Walter Lippmann, in a recent column, states that the Randall Commission failed since "there is no agreed policy. What is more, and what is worse, Mr. Randall has sacrificed much of the lucidity and effectiveness of his own case in an unsuccessful effort to find a policy which Mr. Millikin would agree not to oppose." Do you agree?
 - b. He goes on to say that the majority report is a "mediocre and often obscure rehash of things that have been said more clearly and more expertly by others—notably the Bell report." Do you agree?
 - c. Seymour Harris, recently stated that his one major objection to the Randall report rests in the support of exporter interests. He claims that "export industries are growing, the strong, the inflated industries. Exporters buttressed by the argument of doctrinaire free traders, want to concentrate the burden of adjustment upon the industries that compete with foreign industries." Do you agree?
9. What are the chances for the Administration trade program during this session of Congress?
 - a. How will the fact that this is an election year affect the consideration of the program?
 - b. Will a business recession, however mild, eliminate all prospects of further reducing trade barriers in the foreseeable future?

"MEXICO

A Portrait of Progress"

A six-week series of informational and cultural programs on the theme "Mexico—A Portrait of Progress" will take place in New York City from March 16th through April 20th, under the direction of The Town Hall. Plans have been in progress over the past few months, both in Mexico and the United States, to bring a group of Mexican leaders representing the fields of government, business, education, labor-management relations, and the arts, for six weekly discussion programs in the Town Hall auditorium. The meetings have been scheduled for six successive Tuesdays at 4 p.m., starting March 16th. Each discussion period will be followed by motion pictures illustrating some phase of Mexican life. Afterward, an informal reception will be held in the Town Hall auditorium lounge at which members of the audience will have an opportunity to meet the speakers.

Admission to the six meetings is by invitation. Business executives concerned with Mexico or international trade in general, educators, mature students from institutions within the metropolitan area, and a selected group of individuals interested in the project are now being invited. Requests for tickets from the public generally will be honored as space permits. The project is being financed by gifts from Mexican and United States corporations and individuals as a public service.

In addition to the six Town Hall programs, a number of collateral events are being arranged as part of this unique international project. Window displays and special exhibitions of Mexican painting, crafts, textiles, coins, architecture, etc., are being planned in co-operation with libraries, banks, stores, the Town Hall Club, and elsewhere in New York City.

To emphasize the importance of the project, "America's Town Meeting of the Air," produced by Town Hall for ABC radio network, will originate from Mexico City on March 16th, 9:00-9:45 p.m., E. S. T. "How Can We Strengthen Mexican-U.S. Friendship?" will be discussed on the broadcast by William B. Richardson, Vice President of National City Bank of New York; Adolfo I. Riveroll, President of the Life Insurance Company, La Nacional; Rodrigo de Llano, Director General of *Excelsior*; and John Wilhelm of *Business Week*. Other special radio and television programs are being arranged locally, including a 13-week series on Mexico to be broadcast over station WNYC.

To encourage student attendance at the Town Hall discussion programs, an essay competition open to high school seniors and college undergraduates, as well as to high school teachers, has been arranged. Writers of the two winning essays will be flown to Mexico City by American Airlines, where the Mexican government will provide living expenses and a summer scholarship at the University of Mexico.